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BRIEF TO THE ONTARIO COMMITTEE ON TAXATION

ON BEHALF OF THE INDEPENDENT SECONDARY SCHOOLS IN ONTARIO

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Purpose of this Brief

Under the existing legislation in Ontario, independent non-profit private schools do not receive direct financial assistance from government at any level. They have, however, been exempted from municipal property taxes subject to the limitations noted below. (1) This brief is to outline the contribution of these independent schools to the community at large, and to propose that the existing tax exemption be continued. It is our submission that the municipalities derive benefits from these schools that more than compensate for the loss of revenues arising from their exemption from property taxes. If the exemption on property taxes were to be removed and there were no compensating grants, the existence of many of the independent schools would be seriously threatened. We submit, furthermore, that any arguments favouring the removal of property tax exemption for independent non-profit schools have little validity and fail entirely to take into account the very real financial advantages that such schools afford to the province and the municipalities in which they are located. For these reasons, the present exemption should be maintained.

Extent of independent schools

This brief is submitted on behalf of an unrelated group of the 160 non-profit independent schools listed in Appendix A attached. These include non-denominational or Protestant church affiliated private schools, Roman Catholic private schools which are either wholly or at least in grades 11 to 13 unsupported by school taxes, and Jewish schools. Appendix A also shows the numbers of students enrolled in the schools listed. All these schools provide training at the

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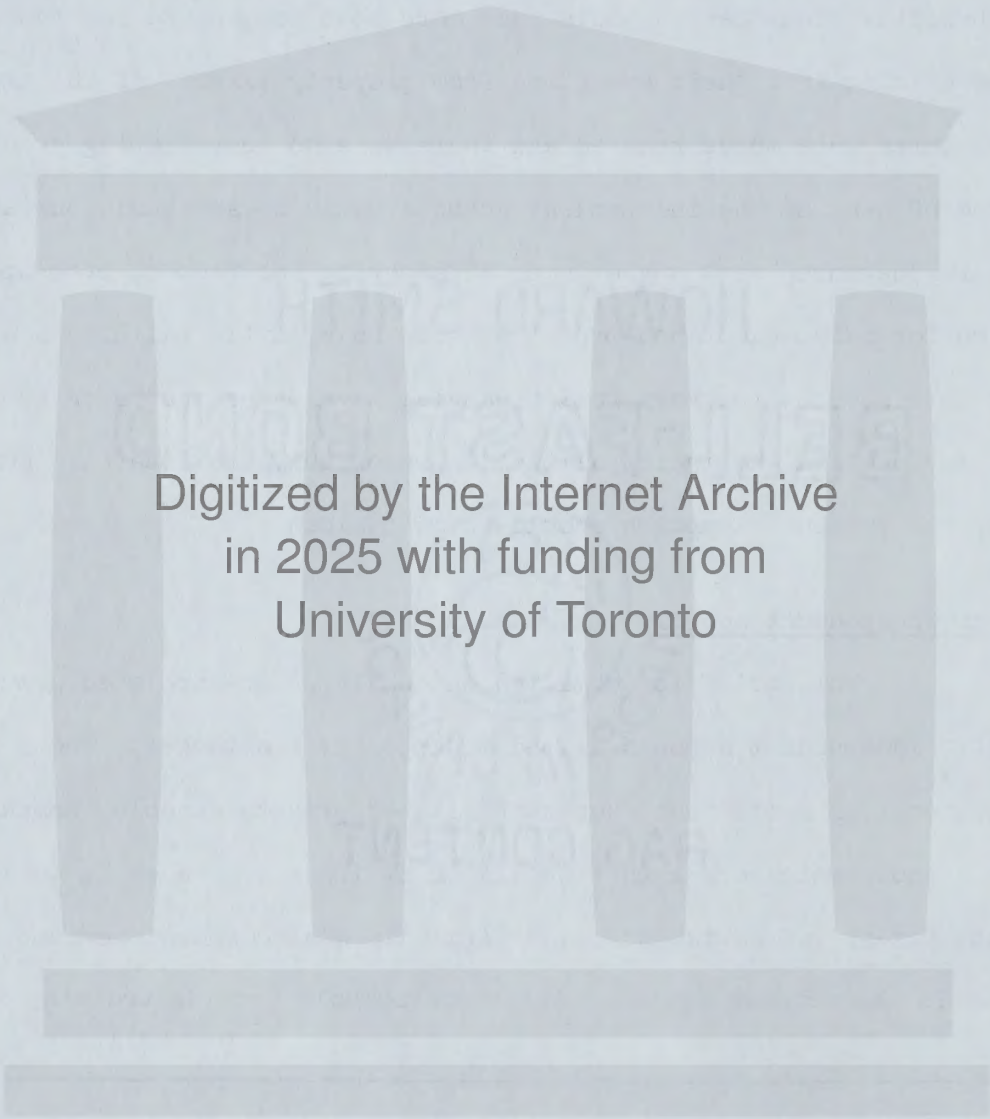
Note (1) Independent schools are exempted from municipal property taxes under a provision of The Assessment Act, Sec. 4, para. 6 which reads in part:

> "The building and grounds not exceeding in the whole fifty acres of and attached to or otherwise bona fide used in connection with and for the purposes of a seminary of learning maintained for educational purposes, the whole profits from which are devoted or applied to such purposes, but such grounds and buildings are exempt only while actually used and occupied by such seminary, and such exemption does not extend to include any part of the land of such seminary that are used for farming or agricultural pursuits and are worked on shares with any other person, or if the annual or other crops, or any part thereof, from such lands are sold".



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secondary school level and the cost of educating the students is not a public expense. The schools receive no public grants, nor is there any relief from school taxes for parents of the students. The total enrolment is approximately 29,500. Although the many independent elementary schools are not represented in this brief we believe that the facts which are presented also apply to them.

The independent secondary schools supplement the public supported school system. Most of the schools draw students almost exclusively from their own community, and if the schools did not exist, the municipalities would be required to provide facilities and bear the cost of educating these students. A few of the independent schools draw most of their students from outside the community, but most of these schools are in small centres and represent a valuable asset to these communities.

Role of the independent school

It is generally acknowledged that the independent schools in Ontario have and will continue to play an important role in the elementary and secondary education system. To varying degrees the independent schools attempt to offer a more closely supervised and more extensive program than is usually provided by the tax dependent schools. The schools themselves and the individual classes are as a rule smaller than is found in the tax supported schools, and there is more emphasis on participation in sports and cultural activities. In addition, the independent schools usually have religious associations and attempt to encourage an appreciation of spiritual and moral values. They do a particularly good job for students who need more specialized instruction, and in rounding out the interests and personalities of the unusual or gifted students. The residential schools are able to go even farther than these basic objectives by giving the students experience in responsibility, leadership, and the application of citizenship principles in their school community.

Some of these independent schools have been operating for many generations, and are the forerunners of the tax-supported school system. Some have been pioneers in new teaching techniques and all secondary education has benefited from their experiments.

It is not possible to evaluate all the benefits of independent schools in precise terms. They provide the community with a choice in its educational facilities and thus give meaning to the principle of freedom of choice which is a fundamental of our democratic society. In addition, the independent

schools graduate young people into the community at large with a different type of training. The resulting diversity among young people cannot but enhance the economic, social and cultural achievements of the community as a whole.

The success of the independent schools is a result of their basic freedom and very independence. They are free to choose their own methods of teaching, choose their own staff, and develop their own environment for the fulfilment of their ideals. This does not mean that they do not have to meet the educational standards set by the Province. All of the independent schools represented in this brief are subject to and welcome inspection by Department of Education officials, and prepare students for the standard matriculation examinations. In the lower grades they are free to choose their own curricula, but in the matriculation grades they largely conform with the public secondary school system.

All the schools listed are non-profit organizations, and most of them are working under strained financial circumstances. The schools must rely on outside private support to meet operating deficits and to provide capital facilities. The exemption from property taxes has been a most important factor in their budgeting, and its removal would seriously cripple the operation of many schools. There seems little doubt that the removal of the exemption would force some schools to close.

Financial contribution of the independent schools to the taxpayers

To discuss the value of the independent schools to the Province as a whole we suggest that it is useful to classify them in three categories.

(a) Independent schools in large communities such as Toronto, Hamilton and Ottawa which are primarily for day students in the community. Examples are St. Michael's College, Upper Canada College, Havergal College, and the Jewish secondary schools.

(b) Independent schools in smaller communities which cater almost exclusively to students in the community. These are typified by the many Roman Catholic private secondary schools.

(c) Independent schools in smaller communities which accept "boarders" from outside the community as well as some local day pupils. Examples are St. Andrew's College, Ontario Ladies College and Lakefield Preparatory School.

In Appendix A we indicate that there are approximately 8,160 students attending the independent schools in the Metropolitan Toronto area. While some of the students come from outside the Toronto area, it should be realized that there is a compensating group of students from Toronto who are attending outside schools and who would otherwise be a responsibility of Toronto. If we assume conservatively that 90% of the students in Toronto's independent secondary schools would be in public supported schools if the independent schools did not exist, there is a financial contribution to the municipal rate payers of Metropolitan Toronto and the provincial government of approximately $5,100,000. This is based on an annual cost of about $694 per student for educating secondary collegiate students as reported by the Board of Education of Toronto for 1962.

A recent newspaper report stated that there are over 100 "portable" temporary classrooms in use in the Toronto school system. This indicates that the present school facilities are seriously inadequate, and that the independent schools do in fact relieve the pressure on the public supported system. If the independent schools did not exist, it would be necessary for the municipal school boards to build additional schools to replace them. The independent schools, for this reason, do not "duplicate" the public system; they supplement it and provide a choice of schools.

When the Hamilton, Ottawa, London and Windsor enrolment figures (7,941) are added to complete this first group, a further contribution of over $4,685,000 is estimated based on the Ontario Department of Education reported annual cost per secondary school pupil for 1961 ($593). (See Appendix B.) With the indicated trend of rising educational costs it is clear that the independent schools in these larger centres are now making a contribution to the taxpayers in excess of $10,000,000 per year.

While some of the schools in large communities do accept "boarders" from outside the community, province, or the country, the number of these students is relatively small. Dominion Bureau of Statistics reports for 1960-61 indicate that less than 9% of the students in private schools in Ontario are from outside the Province of Ontario. These "boarders" do not affect in any way the educational costs of the local community. Their presence, however, is a real economic benefit to the community in that they pay substantial fees, shop in the locality, and attract outside visitors. This represents a sizeable amount of business coming into the community which would not otherwise be obtained.

The second category noted earlier, the independent schools in smaller communities, present an equally strong case. These are the Roman Catholic and other secondary schools which almost exclusively serve students in the community. If they did not exist, the municipalities would be required to enlarge the present public supported school facilities. The schools represented in this category have over 12,000 students and make a contribution to the municipal and the provincial government of approximately $7,100,000 if the Ontario average cost figure for 1961 is used.

While the schools in these first two categories may occupy valuable property from an assessment standpoint, they provide direct savings in educational costs to the municipalities and the Province of Ontario of over $17,000,000. These savings are undoubtedly far in excess of any revenues that might be raised by property taxation.

The third group, independent schools in small centres which cater primarily to boarders from outside the community, do not significantly relieve the education cost of the local municipalities. However, most of their students are from Ontario and therefore reduce the education costs of the Province and other municipalities in Ontario. These schools have an enrolment of approximately 1,500 in the secondary grades. For the community they represent a stable and desirable type of enterprise that gives business to local merchants and service establishments. They are normally generous in loaning their facilities to the community, and often enhance its appearance. These are, admittedly, intangible or unmeasurable benefits but are nonetheless real.

Based on the experience in the United States and our knowledge of the few schools which are in this category in Ontario, it would be a rare community which would not resist the removal of any such enterprise even though it pays no local taxes. It has also been the U.S. experience that this type of school tends to upgrade the quality of the tax-supported schools in the vicinity by its example.

The case against institutional exemptions

In discussing the case against institutional exemptions, independent schools are usually grouped with other exempt institutions such as churches, hospitals, recreational centres, veterans' halls, and universities. It is argued that the full range of municipal services redounds to the benefit of these institutions, their clientele, and their property. Because institutions do not pay for these services, the burden of maintaining them is shifted to other segments of

the taxpaying community. The question has been raised whether the local governments receive a quid pro quo for the indirect subsidy which the tax exemption offers.

It is also contended that another disadvantage of the exemption is the unevenness of the distribution of institutional property. Since institutions almost always are found in urban areas, the city especially feels the impact of the exemptions, and the burden of this indirect subsidy falls upon the taxpayers of the urban area. It is often true that institutional service areas and city boundaries do not coincide. Thus one group may grant the tax exemption while another group benefits.

A further argument put forward is that the exemption to institutions can lead to a degree of stagnation in civic redevelopment. Land is improperly used because there is no pressure of taxes to make the owners relocate.

While these arguments may have some measure of general validity, they are particularly weak in the case of the independent schools. As previously noted, while by no means all the students in the schools represented in this brief attend secondary schools in their own municipality, a large majority of them do. This represents a direct saving in education costs many times exceeding the cost of any municipal services rendered - and the benefits accrue to the same taxpayers that pay the cost of these services. Since the general property taxes and the school taxes are both based on the assessed value of property, the benefits of reduced education expenses and the cost of services provided are allocated in exactly the same proportions.

The concentration of institutions in urban centres does not apply to the independent schools. The only evidence of unevenness of distribution in relation to population groupings is found in the independent boarding schools located in smaller centres. These schools draw most of their pupils from the cities and so tend to draw students away from the urban centres. There are some inequalities in major urban centres in which independent schools in some municipalities also serve the population in neighbouring areas, but in the present situation these are not serious. Most of these are in Toronto, and if the present investigations should result in a metropolitan amalgamation or some form of equalized taxation any anomalies would be eliminated.

In regard to the argument that tax free institutions may hamper civic redevelopment it is submitted that schools are normally located in residential areas and historically move when the nature of the neighbourhood

changes. Many of the independent schools grace the community and tend to increase the value of property in the adjoining neighbourhood.

Taxes offset by reimbursing grants

The suggestion that independent schools should be subject to property taxes or payments in lieu of taxes but should also be reimbursed for these specific payments by provincial grants is impractical in application. We know of no precedent of payments in lieu of taxes for property owned or operated by non-governmental organizations. Direct taxing or payments-in-lieu of taxes accompanied by reimbursing grants from the provincial government would open the door to disagreements between different levels of government about assessment values and the value of different types of independent schools. The independent schools could be caught in the ensuing cross-fire. Political discussions of the virtues of different religions and racial groups would be invited, and discriminatory types of legislation could ensue.

The independent schools are all under financial strain and would welcome provincial or federal grants provided there was no encroachment on their objectives. Such a plan has been introduced in Quebec but not at the expense of their municipal property tax exemption or their basic independence. The Quebec provincial government provides a subsidy to the independent schools of $200 per student per year. In the United States some states provide free books or free transportation to students in independent schools, all of which are exempt from property taxes. In Australia, private school fees are allowed as a deduction in computing individual taxable income. These concessions are further attempts to recognize the relief to taxpayers which the independent schools make possible by taking on a significant segment of the education cost load.

Conclusion

We submit that the independent schools in Ontario are filling a public need by providing diversity in the educational field. While it is true that the municipalities are providing some services at no cost because of tax exemption, the independent schools are repaying the municipalities many times over in savings in education costs as well as benefiting the communities in other ways. The removal of the exemption would seriously damage or close off the operations of these schools. Removal of the exemption accompanied by reimbursing grants is impractical and wrong in principle. Furthermore, there is no significant body of

public opinion favouring the abolishment of this exemption.

We submit, therefore, that the public interest would be in no way served by abolishing the existing exemption from general property taxes for non-profit independent schools.

LISTING OF INDEPENDENT SECONDARY SCHOOLS IN ONTARIO AND ENROLMENT IN SECONDARY GRADES, SEPTEMBER 1963

METROPOLITAN TORONTO

Associated Hebrew Schools of Toronto	Toronto	91
Beth Jacob High School	"	28
Bishop Strachan School	"	286
Branksome Hall	"	413
Brebeuf Private School	"	177
Christian Brothers' College	"	67
De Charbonnel High School	"	89
De La Salle College	"	629
Eitz Chaim Schools	"	41
Havergal College	"	323
Loretto Abbey	"	468
Loretto College School	"	460
Michael Power High School	"	649
National Ballet School	"	52
Neil McNeil	"	294
Ner Isreal Yeshiva College of Toronto	"	94
Notre Dame School	"	341
St. Clements	"	204
St. Joseph's Islington	"	612
St. Joseph's Morrow Park Private School	"	413
St. Joseph's Wellesley	"	700
St. Michael's Choir School	"	68
St. Michael's College School	"	965
St. Mildred's College	"	105
Toronto District Christian High School (Rexdale)	"	55
Toronto Junior Academy	"	12
Upper Canada College	"	524
	Total	8,160

Note: University of Toronto Schools is a division of the Ontario College of Education, and is exempt from property taxes through its affiliation with the University of Toronto. The 360 students enrolled in the U.T.S. secondary grades are not included in the above list for this reason.

OTHER LARGE CITIES (HAMILTON, LONDON, OTTAWA, AND WINDSOR)

Bishop Ryan Private School	Hamilton	350
Cathedral School (Boys)	"	406
Cathedral School (Girls)	"	352
Hamilton District Christian School	"	211
Hillfield-Strathallan School	"	221
Loretto Academy	"	218
Catholic Central School	London	354
Mount St. Joseph Academy	"	302
Ashbury College	Ottawa	169
Convent du Sacre-Coeur	"	131
De La Salle Academy	"	257
De Mazenod Seminary	"	131
Elmwood School	"	88
Immaculata Convent	"	365
Notre-Dame du Bon Conseil	"	44
Notre-Dame Convent - English	"	214
Notre-Dame Convent - French	"	58
Notre-Dame du Sacre-Coeur	"	224
Notre-Dame des Victoires	"	54
Pensionnat Notre-Dame de Lourdes	"	161
Pensionnat Mont. St. Joseph	"	309
St. John Vianney Seminary	"	294
St. Joseph's Private School	"	298
St. Patrick's College High School	"	314
St. Pius X Seminary	"	107
University of Ottawa High School	"	304
Assumption College	Windsor	849
Corpus Christi School	"	675
St. Mary's Academy School	"	481
	Total	7,941

OTHER LOCALITIES

St. Maria Goretti Academy	Alexandria	29
Alfred Private School	Alfred	24
St. Rose Private School	Amherstburg	77
Mt. Mary Immaculate Academy	Ancaster	169
St. Andrew's College	Aurora	255
St. Joseph's Private School	Barrie	34
St. Joseph's Private School	Barry's Bay	38
Great Lakes Christian College	Beamsville	108
Albert College	Belleville	167
Nicholson Catholic College	"	210
St. Joseph's School	Blind River	18
Knox Christian School	Bowmanville	14
Sacred Heart Private School	Bonfield	21
Bourget Private School	Bourget	33
St. John's College	Brantford	140
Providence College	"	31
St. Mary's College	Brockville	81
Catholic Central Private School	Chatham	66
Ursuline College (The Pines)	"	426
St. James' Private School	Colgan	32
St. Mary's Convent	Combermere	71
Cornwall College	Cornwall	78
Holy Cross Private School	"	41
St. Michael's Academy	"	134
Juvenat Sacre-Coeur	"	46
Sacred Heart Seminary	Delaware	79
St. Michael's Private School	Douglas	12
Earlton Private School	Earlton	25
Sacred Heart Scholasticate	Embrun	18
Niagara Christian College	Fort Erie North	74
Arpin Memorial School	Ft. William	314
Bishop Macdonell School	Guelph	195
Fatima Private School	Haileybury	40
St. Mary's Academy	"	128

OTHER LOCALITIES (Cont'd.)

St. Jacques Private School	Hanmer	24
St. Cure D'Ars Private School	Hawkesbury	39
Hearst College	Hearst	55
St. Joseph's Academy	"	52
Academie D'Youville	Kapuskasing	163
St. Andrew's College School	Killaloe	58
Notre-Dame Private School	Kingston	228
Regiopolis College	"	209
St. Margaret's Private School	Kirkfield	8
St. Jerome's Private School	Kitchener	312
St. Mary's Girls' Private School	"	302
Rockway Mennonite Private School	"	98
Lakefield Preparatory School	Lakefield	122
United Mennonite Educational Institute	Leamington	102
St. Joseph's Academy	Lindsay	78
St. Theresa's Private School	Midland	50
Pickering College	Newmarket	127
Loretto Academy	Niagara Falls	171
Mt. Carmel College	"	130
Eden Bible School (Mennonite)	Niagara-on-the Lake (Virgil)	150
Ecole Leclair	Noelville	60
North Bay College (Scollard Hall)	North Bay	309
Notre Dame de l'Assumption School	"	69
St. Joseph's College	"	320
St. Mary's Commercial	"	116
Appleby College	Oakville	140
Mount Alverno Minor Seminary	Orangeville	35
Oshawa Missionary College	Oshawa	278
Holy Cross Academy	Pembroke	25
Our Lady's Private School	"	157
St. Columba's Boys' Private School	"	61
Canadian Martyrs' Private School	Penetang	79

OTHER LOCALITIES (Cont'd.)

St. Peter's Private School	Peterborough	326
Lorne Park College	Port Credit	63
Trinity College School	Port Hope	256
Bishop Ryan's Boys' School	Renfrew	35
St. Joseph's Academy	"	72
St. Joseph's R.C. School	River Canard	35
Pensionnat d'Youville Private School	Rockland	46
St. Andrew's School	St. Andrew's West	34
Denis Morris Private School	St. Catharines	413
Ridley College	"	331
Joseph Roy School	St. Isidore-de-Prescott	18
Iona Academy	St. Raphael's West	125
Alma College	St. Thomas	185
St. Joseph's Private School	"	91
St. Charles Private School	Sarnia	15
St. Patrick's Private School	"	220
Mount St. Joseph College	Sault Ste. Marie	156
Notre Dame Convent College	"	6
St. Mary's College	"	127
St. Francis de Sales	Smith's Falls	14
Pensionnat Notre-Dame de Lourdes	Sturgeon Falls	174
Marymount College	Sudbury	523
Notre-Dame College	"	424
St. Charles College	"	492
Sacred Heart	"	361
St. Anne's Private School	Tecumseh	111
Notre-Dame Private School (Girls)	Timmins	118
Sacred Heart Private School (Boys)	"	132
O'Gorman Private School	"	134
Sacred Heart Academy	Vankleek Hill	26
O'Racette Private School	Verner	22
Sacred Heart Academy	Walkerton	100
Merici Private School	Wallaceburg	64

OTHER LOCALITIES (Cont'd.)

Notre-Dame Academy	Waterdown	161
Notre-Dame College School	Welland	407
Sacred Heart Private School	"	168
St. Basil-the-Great College School	Weston	46
Ontario Ladies' College	Whitby	108
	Total	13,494

SUMMARY

Total enrolment	- Metropolitan Toronto	8,160
	- Hamilton, London, Ottawa and Windsor	7,941
	- Other localities	13,494
		29,595

COST OF TAX SUPPORTED SECONDARY SCHOOL EDUCATION

Expenditures	1961 Academic	1961 Vocational	1961 Total
Instruction Cost	$ 70,148,320	$22,280,477	$ 92,428,797
Other Current Operating Costs	24,264,417	10,127,210	34,391,627
Total	$ 94,412,737	$32,407,687	$126,820,424
Transportation	7,024,127	164,810	7,188,937
Debt Charges	16,009,942	3,386,732	19,396,674
Capital Outlays from Current Funds	4,949,437	1,994,758	6,944,195
Total expenditures	$122,396,243	$37,953,987	$160,350,230
Average Daily Attendance	206,459	51,028	257,487
Cost per Pupil	$592.84	$743.79	$622.75

COMPARATIVE SECONDARY SCHOOL PUPIL COSTS FOR THE YEARS 1954-61

Year	Average Daily Attendance	Cost per Pupil
1961	257,487	$622.75
1960	226,097	622.58
1959	208,667	580.02
1958	193,534	524.22
1957	182,337	471.94
1956	162,544	457.42
1955	148,187	446.64
1954	141,230	405.22

Source: Ontario Department of Education
Annual Reports of the Minister.